

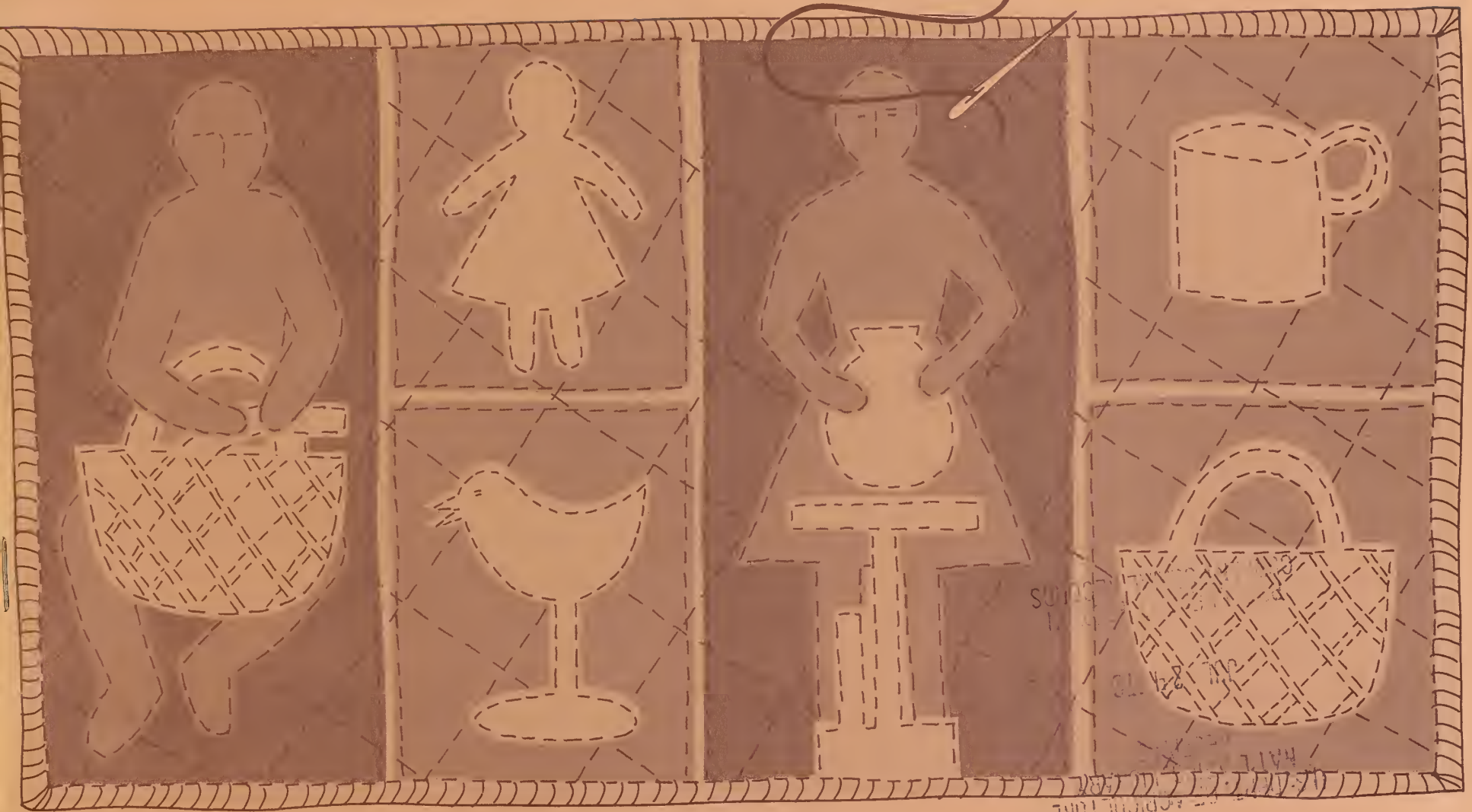
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COOPERATIVE APPROACH TO CRAFTS

Rev. 1978



Preface

It has been estimated that between 250,000 and 350,000 professional craftspeople produce crafts in the United States today. Frequently, craft producers experience difficulties in realizing the maximum return for their craft production. Craft cooperatives, guilds, or informal organizations have been of major importance in helping to solve some problems faced by craftspeople.

This publication reviews briefly the background of craft development in the country, discusses the applicability of the cooperative approach to craft problems, and offers some guidelines for development of craft cooperatives.

The author appreciates the suggestions of William R. Seymour, Rural Development Service, U.S. Department of Agriculture, and Francis P. Yager and Raymond Williams, Economics, Statistics, and Cooperatives Service, U.S. Department of Agriculture.

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Program Aid 1001

Revised April 1978

Economics, Statistics, and Cooperatives Service

The craft program of Economics, Statistics, and Cooperatives Service consists of research, education, and technical assistance activities. The research of the agency has consisted of studies to identify craft associations in the United States, evaluate the impact of crafts in a region, and gain insight into the business activities of craftspeople.

The educational and technical assistance activities of the agency are closely related. Both are intended to assist craft cooperatives gain expertise in the business skills necessary to carry on a successful craft business. Workshops dealing with organizing a craft cooperative, marketing crafts, bookkeeping, and business procedures may be arranged, depending on the schedule and commitments of the agency. Inquiries should be made to Economics, Statistics, and Cooperatives Service, U.S. Department of Agriculture, Washington, D.C. 20250.

Detailed information on organizational and operational aspects of cooperatives is available in other publications of this agency listed on the back cover.

The Cooperative Approach To Crafts

Gerald E. Ely
Agricultural Economist

Increasing numbers of Americans, both rural and urban, are engaged in some type of craft activity. One survey puts the number as high as 83 million. Much of the activity is for therapeutic and self-fulfillment purposes. The number of craftspeople engaged in craft production for income is estimated at between 250,000 and 350,000.

Several factors can be identified that have contributed to the growth of craft production in the United States: Increased interest in the heritage of America, including its diverse ethnic craft skills; increased leisure time; and changing values that place greater emphasis on the personal qualities of hand produced items.

Associated with the changing values has been the increased demand for quality craft products that enables large numbers of craftspeople to earn supplemental income from their craft activities. The potential for economic development through craft production is the major concern of the craft program of Economics, Statistics, and Cooperatives Service and of this publication.

A 1974 survey by Farmer Cooperative Service identified about 700 craft organizations

throughout the United States with a membership of about 67,000. More recent studies by other groups put the number of organizations at about 2,000. No estimates of organization membership have been made.

Few studies of the economic significance of craft production and sales have been completed. Because of the diversity that exists in what is classified as a craft and in marketing procedures, an accurate estimate of sales is difficult. One survey put the figure at more than \$500 million annually.

Of the 700 organizations mentioned above, about one-third were formed before 1960, one-third in the decade from 1960 to 1970, and one-third during 1970-74, giving some indication of the increased growth rate of craft activities.

To better understand the craft development situation, it may be helpful to summarize the craft production and marketing scene in the United States.

Craft production is usually an individual activity involving a single producer, or sometimes a family producing a craft product in the home. The product may be one of traditional design passed on from one generation to another, a design supplied by some other person for production in the home, or a design created and executed by the craft person.

In other cases, crafts may be produced in a central location with each person being responsible for completion of an individual piece from beginning to end. This person may be called a craft worker.

In rare cases, craft production is an industrial process in which a designer designs and executes a prototype of the craft to be produced and workers then duplicate the work in large numbers in a factory-like process.

The term cottage industry implies that production, while done in the home, is coordinated through a central location and marketed by the center.

Craftspeople have marketed their work in many ways. Two general procedures will be discussed—retail and wholesale.

Retail sales go directly to the ultimate consumer. These may be from the craftperson's studio, at a craft fair, through mail order, or by some other means of transferring the product directly from the producer to the customer. The craft producer receives the retail price for the finished product and incurs the costs of production and sale of the work.

Wholesale sales are made to shops, agents, assemblers, or other intermediaries between the producer and the ultimate consumer. In wholesale sales to craft shops and department stores, the craft product can be sold outright, in which case the producer receives payments at the time of sale (usually half of the retail price) and the shop takes possession of the object; or on consignment, where the producer retains possession

of the work placed in the shop and is paid when the craft work is sold to the retail customer (usually a percentage between 60 and 75 percent of the retail price).

Sales through other intermediaries, such as sales representatives or agents, involve a commission paid to the agent for services, such as processing orders, doing credit checks, or collection. The amount of the commission and responsibilities of both the agent and craft producer are stipulated in a marketing agreement.

The development of crafts has not occurred without serious problems. The return to the craft producer has, in many cases, been meager. Efforts to support oneself through craft production are wrought with many frustrations. Included are the following:

1. Lack of contact with the market. Many craft producers are in isolated rural areas with limited access to markets for their craft products. Such situations have, in the past, often resulted in acceptance of whatever price was offered for craft items. Associated with this isolation, too, is a lack of awareness of what is marketable in metropolitan areas.

2. Lack of access to sources of supply. Production of quality crafts requires use of quality supplies. The same isolation that separates many craft producers from potential markets also greatly restricts the availability of supplies needed in production of their crafts. When available, the supplies must usually be purchased in relatively small quantities at retail prices.

3. Lack of proper training. While production training in crafts may be handed down from one generation to another or learned through a technical school or university, other components of training that are required to make a successful business person are sorely lacking. These include design skills and training in business management practices. This in turn

greatly restricts the ability of the craft producer to evaluate and select from the variety of alternatives available to him or her in production and marketing of the craft product.

The need for assistance with these problems has prompted craftspeople to form cooperative organizations.

Cooperatives

A cooperative is a business formed by a group of people to obtain certain services for themselves more effectively or more economically than can be obtained individually. Members of craft cooperatives own, finance, and operate the cooperative business for their mutual benefit.

Cooperatives have long been the organizational device for helping people meet problems beyond their individual capabilities. While the cooperative approach alone does not assure success of any enterprise, it does provide a vehicle for people to bring together the resources needed to overcome many problems.

Like the individual proprietorship, partnership, or corporation, a cooperative must operate as a business if it is to succeed. Competent planning and management are prime requirements in an effective craft marketing system.

Cooperatives are similar to other cor-

porations in several respects:

- They are incorporated under the laws of the State in which they have their main office;
- They draw up bylaws and other legal papers;
- Their members elect a board of directors;
- Their board hires management; and
- Their manager conducts the day-to-day activities of the cooperative.

Cooperatives are unlike other businesses in three important ways:

- Their main purpose is to serve members—not to provide services to others for profit.
- Savings over the cost of doing business are distributed to the members in proportion to their use of the cooperative—not in proportion to their investment. Dividends on capital invested in the cooperative are limited.
- Voting is based on membership—not on the amount of money invested; usually one member has one vote.

Cooperative Structure

Local Cooperatives

Usually a craft cooperative organization starts on a local basis, with the cooperative serving the needs of a relatively limited geographic area. Craft producers are members of a local organization, with the corresponding responsibilities and benefits.

The strength of a local cooperative rests largely on these points: (1) Members know each other; (2) most members have the same marketing and production problems, creating a unity of interest; (3) the business is relatively easily understood and conducted by the members; (4) members have confidence in the local manager who knows them and meets with them regularly; (5) the local cooperative is an effective medium for extending marketing and production information to members.

The weaknesses of the local cooperative are generally associated with its small size, inability to generate sufficient volume of sales locally to sustain the cooperative, difficulty in conducting extensive marketing programs outside the local area, and difficulties in securing training assistance and other services.

Regional Cooperatives

The problems of a small local program frequently lead to consideration of joining with one

or more other craft cooperatives to provide for members more of the needed services than can be provided individually.

A regional craft cooperative can have a centralized, federated, or mixed structure, depending on the type of membership (fig. 1). The centralized association is an elaboration of the local. The difference is that its individual members come from a much broader area.

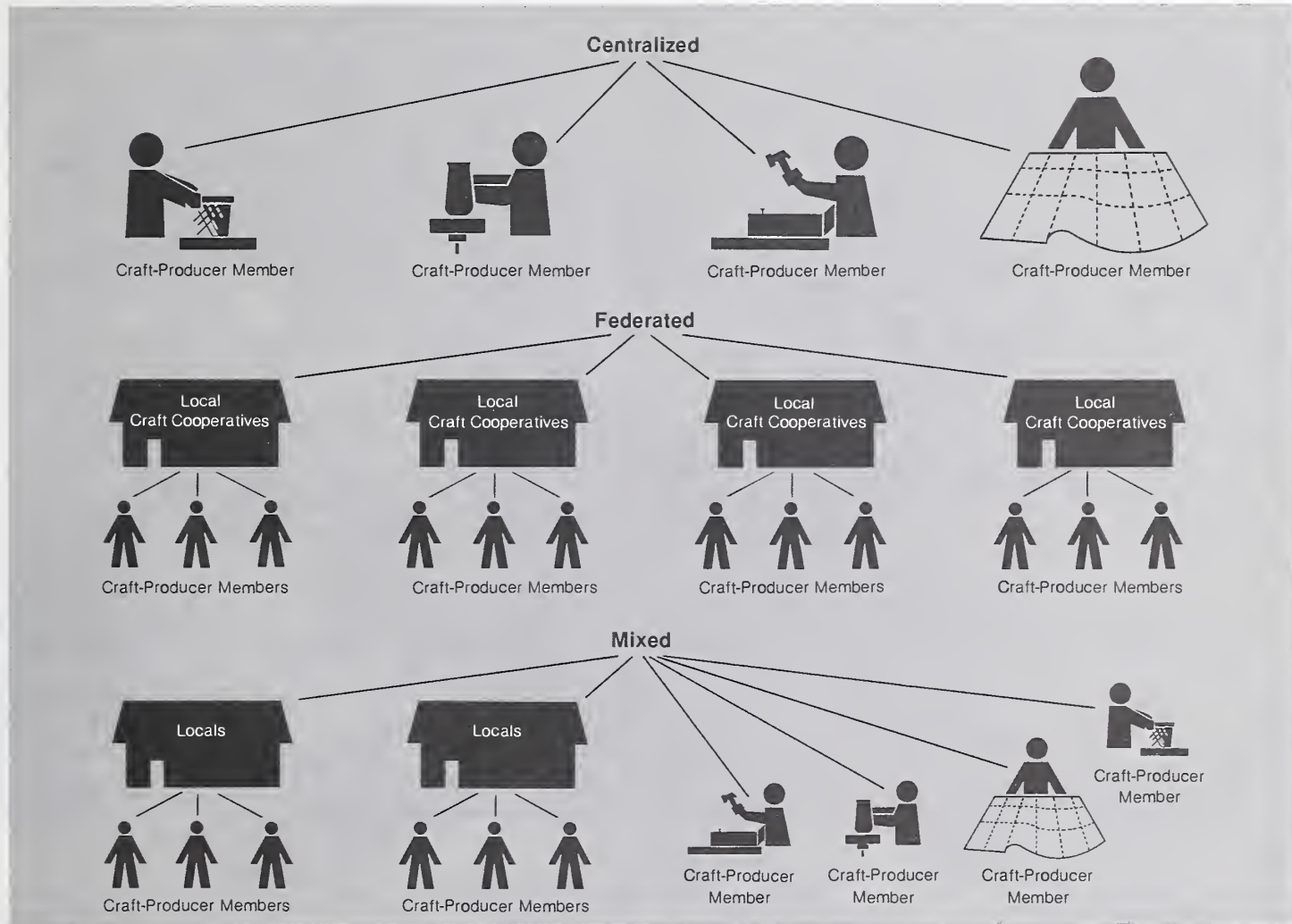
A federated regional, in effect, is a cooperative of cooperatives. Control rests with the local associations, which in turn are controlled by the individuals who are the chief beneficiaries from both local and regional operations.

Functionally, the centralized association has much in common with the federation but differs in that its members are individuals rather than associations. A regional with mixed structure means that membership consists of both individuals and local cooperatives.

The federated approach seems well suited for the craft industry because it can serve the diverse needs of the local associations and yet preserve the autonomy of the local cooperatives.

Organizing a federation takes only a few local craft cooperatives. Often these local associations have tried to work together informally in the past because of mutual problems. If such groups think a federation can help solve their common problems, they may invite other local associations with similar interests to meet with

Fig. 1 Structures for a Regional Craft Cooperative





them. The survey and organizational processes are very similar to those used in establishing a local cooperative.

The advantages of the federated cooperative include the ability to combine the efforts and resources of a larger number of craft producers into one effort and the democratic form of control with the local cooperatives exercising

the responsibility and authority of members.

The weaknesses of a federation include the difficulty of organizing on a wider geographic basis, less flexibility in making major operating changes, and the need for constant attention to communication between the federation, local cooperatives, and members.

Possible Activities of a Craft Cooperative

The needs of craftspeople differ somewhat, depending on their location, the type of craft they produce, their skill levels, and other factors. The membership of each cooperative must determine what is needed and how those needs can be met.

Generally, however, cooperatives have found it advantageous to provide assistance in such areas as supply procurement, marketing, and obtaining technical assistance. A comprehensive program to assist members offers the greatest potential for success.

Marketing

Marketing of craft products includes a wide variety of activities intended primarily to provide the greatest possible return to the craft producer for the time and talent put into a craft product. Included in marketing activities may be the following:

—Research to identify and evaluate potential markets for craft products and the type of craft products that might be sold through each market.

—Continual surveillance of craft marketing to note trends in craft sales by product or type of market and to predict future trends.

—Display, exhibition, and demonstration activities to educate potential buyers about the production and value of crafts.

—Sales activities such as operating a retail shop, attending wholesale craft or gift shows, sponsoring craft fairs, publishing retail mail order catalogs, hiring sales representatives, or engaging in other market activities.

—Establishing and maintaining quality standards for craft products that are marketed through the cooperative or that bear the cooperative identification is crucial for development of a reliable marketing program.

Marketing, whether retail or wholesale, is

a highly specialized activity in a modern society. Few craft producers have the training or experience to understand the many complex aspects of craft marketing.

Numerous potential markets for craft products go untapped because craft producers are either unaware that they exist or are unable, individually, to supply that market.

A craft cooperative has the potential for linking the craft production capabilities of its members with a wide array of markets in a manner advantageous to both. Several good examples exist. A federation of 20 cooperatives operates a retail craft shop in a hotel convention complex in Kentucky, and another cooperative operates gift shops near a major scenic parkway in North Carolina and also represents its members at several major wholesale gift markets.

Production

Assistance with production represents another activity that can improve the economic return to the craft producer. Activities that improve production efficiency or decrease costs of producing crafts might include the following:

- Bulk purchase of materials or supplies needed for craft production, which, in addition to assuring a reliable supply of material at a reasonable cost, also can help in maintaining uniform quality.

- Joint purchase and use of machinery or equipment that can increase production effi-

ciency but may be too expensive for one individual to buy.

- Continuous review of equipment, supplies, and new technological developments that might be adaptable to the craft production process of members, which would improve production efficiency.

- Training in production techniques, including industrial processes, and space and time management.

Technical Assistance

Successful craft production and marketing require a variety of information, skills, and resources. A cooperative can be helpful in providing or securing assistance such as the following:

- Training in design, production, and business skills to improve craft products and managerial capabilities of members.

- Information about governmental regulations regarding labeling, licensing, and taxation, and so on.

- Insurance coverage at group rates for health, accident, product liability, or other coverages.

- Assistance in securing loans to purchase supplies, equipment, or needed services.

- Information about new books, periodicals, seminars, exhibitions, and other activities that can contribute to the professional growth of members.

The assistance provided craft cooperative members should be directed toward better equipping them to conduct their craft business. It will

change as the cooperative grows and changes. Thus, it must be imaginative, dynamic, and responsive to members' expressed desires.

Getting Started

It takes only a few craft producers to initiate the formation of a craft cooperative. Usually these producers are friends who share a common problem. If group action offers potential for solution of the problem, they may try to get others with similar interests to join their effort.

If, after informal discussion it is decided to give further consideration to a cooperative, an individual familiar with the cooperative formation process is usually sought to help lay out the formation steps. This may be a person from the local office of the State Extension Service, an established cooperative, a local credit union, or State cooperative council.

If further interest is found in the idea of a cooperative, a meeting of potential members is held. A factual presentation of the proposed cooperative should be made by the initiating committee. This should include a full discussion of the problem to be solved, potential of the cooperative, and, if possible, examples of other craft cooperatives' experiences. An open discussion should follow.

A survey committee should be formed at

this meeting if sufficient interest exists in a cooperative.

Work of the Survey Committee

The survey committee has a number of tasks. First, it must determine whether or not a need exists for the cooperative. It must determine if the cooperative can be expected to be successful and beneficial to its members. And, if the cooperative seems feasible, the survey committee may also work out an organizational plan.

Need

Does an economic need exist for the service a cooperative might provide? And, can the cooperative perform a function beneficial to its potential members not otherwise available in the area to be served? A cooperative is not needed unless its members will receive monetary or other benefits from it they would not otherwise receive.

Having established a need for the cooperative, the committee should proceed to evaluate the economic feasibility. Several factors must be considered, including the following.

Potential Membership and Volume of Business

It is very important, although it may be difficult, to obtain accurate information about the potential membership and amount of business that could be expected.

One way to obtain some basic information is to distribute a questionnaire, asking for pertinent information, to known craft producers, at meetings, schools, civic organizations, and other places potential members might find them. Appendix A shows a sample questionnaire.

If possible, visual inspection of the craft work by members of the survey committee to briefly review the nature, quality, and marketability of the work is useful. Care must be taken in projecting potential output. Conservative estimates will usually most closely approximate actual production.

The review of potential membership must be realistic. If a nucleus of producing craftspeople does not exist, it may be better not to form a cooperative.

Craft Markets

What markets for crafts exist locally and what volume of sales can be expected? Will sales be through a cooperative-operated retail shop or gallery? Is there potential for wholesale sales in local shops, or in craft shops outside the area? Are there marketing techniques that could be used to expand the volume of sales, such as mail

order catalogs or participation in a craft fair?

The volume of potential sales will, of course, depend on the production capability that can be identified or developed. It will be difficult to establish extremely accurate sales figures, but a projection based on the best available knowledge must be made.

Operating Expenses

What are the costs associated with operating the cooperative, both total and per unit of sales? How will these expenses be distributed throughout the year?

Included will be such expenses as rent or mortgage payments, salaries, utilities, insurance, and others. Appendix B shows a sample projected cash flow.

Operating expenses will vary depending on the type of craft marketing or supply procurement program that is established. Statements may be developed for each mode of operation to give the committee a clear picture of what sales, expenses, and savings may be expected.

It is advisable to make realistic assumptions about the growth of membership and production volume of the cooperative, and then to develop an operating statement for 3 years of business. This process will help determine how long it will take the cooperative to become self-sufficient.





Capital Needs and Financing

How much capital—for fixed assets and operating capital—will be required to start the cooperative? How much can be put up by members and on what basis? What are the other potential sources of capital?

The amount of capital, again, will depend on the operational characteristics that are being considered for the cooperative. A marketing program that includes a retail sales facility will probably require larger amounts of capital than a program based on wholesale sales from a small warehouse facility, for example.

A cooperative is a business owned by and operated for its members. The members, therefore, should expect to provide part of the capital required to get the cooperative started. Money invested in the cooperative increases members' sense of ownership and commitment to the organization.

This demonstration of commitment is necessary. No lending institution can be expected to take financial risks in the cooperative if members are not willing to do so.

Other sources of capital, in addition to members' investment, are public investors who invest to earn dividends and loans from lending agencies such as local banks, or in certain cases, Farmers Home Administration or Small Business Administration.

Grants from public sources, foundations, and churches have been used by many cooperatives to get started. Grants should not, howev-

er, be viewed as a primary source of initial capital or relied on for longer than the initial formation period.

Survey Report

The survey committee should consider any other factors that seem relevant to the particular aspects of the potential cooperative. Such matters as the costs of organizing, distribution of membership, methods of payment to producers, and the capital structure of the cooperative are all important.

The survey committee should prepare a report of its findings to present to potential members. The report need not detail all facts and figures gathered in the study but should outline the process used by the committee and make recommendations for further action.

The results of the activities of the survey committee should be presented to a second meeting of potential members. Each point should be thoroughly discussed, even if more than one meeting is needed. The discussions should be realistic, helping potential members to understand fully the possibilities for success and potential problems. The meeting should involve potential members, Extension Service personnel, community leaders, and others who might be involved with the organization if it is established.

If it is determined that a craft cooperative is feasible and sufficient prospective members desire to join, an organizing committee should

be formed. This committee may include some or all of those who served on the survey committee plus new members.

Work of the Organizing Committee

The report of the survey committee, if accepted at the meeting, serves as the blueprint for the organizing committee. Recommendations not accepted should be revised until there is a consensus on the major elements of the new cooperative.

State statutes govern the way that corporations are formed. The legal framework of the cooperative consists of the articles of incorporation and bylaws. These documents must be drawn up with care to ensure that they conform to State laws and provide for the type of organization desired by members.

The articles of incorporation are a statement of the kind of business the cooperative is designed to be. They must be filed with the appropriate State official.

The bylaws state the way the cooperative will do business and must be consistent with the articles of incorporation. Usually the bylaws will specify the requirements for membership and responsibilities; methods for calling meetings; voting rights and quorums; number, terms, and responsibilities of directors; dates of the fiscal year; and other provisions for the management of the cooperative.

Appendix C is a set of sample bylaws. The bylaws for any cooperative must be drafted to

reflect the specific needs of potential cooperative members. A competent lawyer should be hired to advise the group on the legal procedure for setting up the cooperative.

After the articles of incorporation have been filed, it usually is in order for charter members to hold a meeting to adopt the bylaws and elect directors. Again, State statutes dictate the procedure that must be followed such as time limitations, waivers of notice of the meeting, and other matters.

Board of Directors

The board of directors should meet immediately after adoption of the bylaws. Among the business matters to be acted on at this meeting are:

- Election of the first officers of the cooperative.
- Selection of a bank and designation of officers and employees authorized to handle funds.
- Arrangements for bookkeeping and auditing.
- Arrangements for printing of copies of articles of incorporation and bylaws and distribution to all members.
- Arrangements for facilities for the business.
- Selection of a manager.

Economics, Statistics, and Cooperatives

Service has several publications dealing with the organizational process, the responsibilities of directors, and operating cooperatives. Some of

these are listed on the back cover of this publication. Appendix C also contains a description of board responsibilities.

OTHER CONSIDERATIONS

In addition to the survey and organization procedures discussed thus far, several other considerations must be dealt with by those forming a cooperative.

Quality Control

Many of the difficulties and failures of craft cooperatives are associated with the lack of quality control. It is essential for successful craft marketing, regardless of the nature of the marketing effort, that the craft products offered to the public be of consistent high quality.

Numerous procedures have been used to maintain the quality of craft work. The most suitable procedure for any cooperative depends on the size and distribution of the membership, type of marketing activity engaged in, and the variety of crafts produced.

Usually a set of standards is established that specifies the items that will not be accepted by the cooperative and the minimum quality that will be accepted for various craft items. The

standards should be clearly defined (in writing or through examples) and accepted by the cooperative members.

In addition to the standards, a procedure to evaluate the craft work must be developed. This, too, should be clearly described and accepted by members. The review procedure should provide for continual evaluation of members' work. In cases of rejected work, an explanation for the rejection should be given and provision made for reconsideration of the work.

A committee is usually elected to conduct the quality control procedure. The committee should be made up of members, the manager, and perhaps someone outside the cooperative participating in an advisory capacity.

The need for quality goes beyond the craft products. The entire operation of the cooperative should reflect a concern for high quality. Constant attention must be given to the image that is created in the cooperative's business forms, brochures, packaging, billing, displays, and other contact with the public or members.

Management

A cooperative, like any other type of business, must have competent management if it is to succeed. Someone must plan and direct the cooperative's activities; hire, train, and supervise employees; and handle day-to-day operations.

The degree of skill with which this is done will determine in large part the success or failure of the cooperative.

The failure of craftspeople and their associations to understand the demands of good management skills has affected both production and marketing efforts.

The ingredient for successful management of both local and federated craft cooperatives is effective teamwork of all three parts of the management team—members, board, and hired management.

Members

Members are the foundation of the cooperative structure. Their needs are the reason for the cooperative's existence. Members of a cooperative have definite responsibilities to do business with it, invest in it, and support it in every way. It is important that they be informed on a regular basis about the cooperative.

Directors

The directors act as trustees for members. They establish policies and long-range objec-

tives; decide on programs and courses of action; and, at least in a general way, direct and guide the activities of the cooperative. They approve budgets, review reports, and require outside audits.

The most urgent role directors have in management—and one of the most important—is hiring the manager.

Hired Management

The manager chosen by the directors is responsible for selecting staff and organizing activities in a manner that will produce the results desired by the members and directors. The manager is responsible to the directors for the work effectiveness.

The manager selected to direct the operations of a craft cooperative should have some technical knowledge about the particular type of activities involved.

But that in itself is not enough. The manager also must be able to select, train, supervise, and direct employees and be equally adept at working with the board of directors in developing plans and programs that will carry out the policies and objectives of the cooperative.

The manager is a key employee and the success of the cooperative will depend to a large extent on his or her ability. The selection should be made with great care.

Several other publications of Economics, Statistics, and Cooperatives Service deal with the responsibilities of management.

Keeping Records

It is important for all businesses to keep good records. This is especially true of cooperatives because members must be fully informed of how their business is done. Hired management keeps most of the records but the board of directors must ensure that these records are accurate and meet the needs of the board and members. Some of the records needed are:

. . . *Budget*—The budget is basically an anticipated income and expenditure statement planned in advance by the manager for board approval. Its primary value is helping the co-op management plan sales and inventories and control expenses and margins for the coming year.

. . . *Cash Records*—Accurate records and procedures are essential to good cooperative operations. A manager needs records that give full and readily available information on various aspects of the firm's financial condition. As a minimum, records should furnish answers to these questions:

1. How much cash was received and from whom? How much was spent and for what? How much cash is on hand and in the bank?

2. To whom has credit been granted? How much? What payments have been received and for which account? Which accounts are delinquent? Do these accounts violate credit policies?

3. What is the inventory? This should be kept by units and dollars for each item. What has been added? What has been removed? How

much is in stock?

4. What are the fixed assets? What are the accounts payable?

Answering these questions successfully is essential to good cooperative management. The job of keeping good financial records is vital. It is wise to get a local accounting firm to assist the bookkeeper in setting up records. If this is not possible, commercially available record-keeping systems may be used.

At least once a year an accredited accountant should do an audit. A financial statement that meets the needs of the board and tax purposes will then be prepared. Additional information on keeping records can be obtained from Economics, Statistics, and Cooperatives Service.

Taxes

Craft cooperatives are subject to the same taxes that other businesses have to pay. Income tax is paid on that part of net earnings paid out as dividends on shares. Income tax is not paid on that part of net earnings allocated to patrons, provided patrons have given prior consent to treat the allocation as income. The Internal Revenue Service has information regarding the applicable Internal Revenue Codes and filing regulations. Property taxes, social security, unemployment taxes, and necessary license fees must all be paid by cooperatives. State sales taxes must be collected and paid quarterly or more frequently, depending on the State law.

General Rules for Success

There is no guarantee for the success of a craft cooperative. There are, however, several basic rules that, if observed during the formation process, can help assure that the cooperative gets off to the right start.

1. *Study Applicable Laws.*

Most States have one or more laws that apply to the formation of nonagricultural cooperatives. Copies of these laws can be obtained from an attorney or the proper State official.

Internal Revenue laws, as mentioned earlier, as well as State and local tax, licensing, and zoning laws must be reviewed.

In addition, some craft products come under regulations that might affect the operation of the cooperative. Bedding and furniture laws, for example, in some States have licensing and labeling requirements.

2. *Get Expert Help.*

Some aspects of establishing a cooperative require skills that those forming the cooperative may not possess, such as legal and accounting expertise. Securing the necessary assistance early in the formation process can reduce the potential for difficulties at a later stage. Don't postpone securing expert advice until it is too late to use it effectively.

3. *Conduct the Operation on a Sound Business Basis.*

A cooperative is primarily a business. Frequent difficulties are encountered when the operation is handled on too casual a basis. Standard business management procedures should be followed.

4. *Be Realistic in Evaluations and Projections.*

Craft production offers potential for some people for primary or secondary sources of income. A craft cooperative can have a significant role in enhancing the position of craftspeople. However, it cannot be all things to all people or completely provide for all the needs of craftspeople. Recognize the limitations and avoid promises of services or benefits that cannot be met realistically.

5. *Establish and Maintain High Quality Standards.*

The need for maintaining high standards of quality has been discussed earlier in this publication. However, it cannot be overstressed. The image of the cooperative as a source of quality craft products and sound, reliable business is important to the success of the cooperative. This message must be stressed repeatedly to members.





Sources of Assistance

Craft cooperatives have been started with assistance from a wide variety of sources. No single source can provide all of the inputs necessary, and much work must be done by those who will use the cooperative.

Following is a list of some of the programs or agencies that should be considered potential sources of assistance.

Federal Agencies

A number of programs in the Federal Government may provide assistance to developing craft cooperatives. A comprehensive listing and description is contained in the *Catalog of Federal Domestic Assistance*, available at most local Federal offices and local libraries.

Included are the following agencies, described briefly.

Economics, Statistics, and Cooperatives Service

The craft program of Economics, Statistics, and Cooperatives Service consists of research, education, and technical assistance activities. The research of the agency has consisted of studies to identify craft associations in the United States, evaluate the impact of crafts in a region, and gain insight into the business activities of craftspeople.

The educational and technical assistance activities of the agency are closely related. Both are intended to assist craft cooperatives gain expertise in the business skills necessary to carry on a successful craft business. Workshops dealing with organizing a craft cooperative, marketing crafts, bookkeeping, and business procedures may be arranged, depending on the schedule and commitments of the agency. Inquiries should be made to Economics, Statistics, and Cooperatives Service, U.S. Department of Agriculture, Washington, D.C. 20250.

Detailed information on organizational and operational aspects of cooperatives is available in other publications of this agency listed on the back cover.

Science and Education Administration

The Science and Education Administration of the U.S. Department of Agriculture, in cooperation with land-grant universities and the Cooperative Extension Service, conducts a variety of educational and technical assistance activities in crafts. The programs vary from one State to another. Contact the local Extension Service listed in the telephone directory, Extension Service director at the State land grant college or university, or Science and Education Administration, U.S. Department of Agriculture, Washington, D.C. 20250.

Farmers Home Administration

FmHA, through three loan or loan guarantee programs, can assist craftspeople, craft cooperatives, public bodies, nonprofit organizations, and other entities secure funding for a variety of community, business, and industrial development activities. Contact the county or State FmHA office, or Information Staff, Farmers Home Administration, U.S. Department of Agriculture, Washington, D.C. 20250.

Rural Development Service

The Rural Development Service is charged with the responsibility of providing rural development leadership and coordination. The agency initiates cooperative agreements between agencies to improve Federal resource delivery to rural areas. One program, Federal Assistance Programs Retrieval System (FAPRS), was developed to assist rural community leaders identify Federal programs that might be responsive to specific development needs, including crafts. For information, contact the Administrator, Rural Development Service, U.S. Department of Agriculture, Washington, D.C. 20250.

National Endowment for the Arts

NEA, through several programs, makes grants to craftspeople, craft organizations, and arts councils. Detailed information about programs, application procedures, and deadlines is

available on request from: Program Information Office, National Endowment for the Arts, Washington, D.C. 20506.

Also available from NEA is "The Cultural Post," a bimonthly publication reporting current events, application deadlines, and items of general interest in the arts. It may be obtained by writing Cultural Post Subscriptions, Program Information Mail Stop 550, National Endowment for the Arts, Washington, D.C. 20506.

Indian Arts & Crafts Board

This board is responsible for several programs providing technical assistance, educational material, and financial assistance to Native American craft projects. For information, contact General Manager, Indian Arts & Crafts Board, U.S. Department of the Interior, Washington, D.C. 20240.

Economic Development Administration

Grants and loans for economic development and technical assistance are available through EDA to qualifying programs in designated areas. For information on programs, and to determine if your project is within a designated area, contact the regional EDA office or Assistant Secretary of Commerce for Economic Development, U.S. Department of Commerce, Washington, D.C. 20230.

A publication, *The Potential of Handcrafts as a Viable Economic Force*, also available from

EDA, is a review of the potential role of a viable handcraft industry in helping to attract related job-generating ventures to areas with high unemployment.

Small Business Administration

SBA has available a wide range of management, marketing, and technical publications designed to help owner-managers and prospective owners of small businesses. Also available is assistance through the Management Counseling Service. For a list of available publications, contact the local SBA office or write SBA, Washington, D.C. 20416, and ask for:

“Free Management Publications”	Assistance SBA 115 A
“For-Sale Booklets”	SBA 115 B

Department of Labor

The Comprehensive Employment and Training Act (CETA) is designed to provide employment opportunities in areas of high unemployment. Community-based nonprofit organizations may be eligible for assistance through a person employed under the CETA program. Application must be made through the local or State government. For information, contact the chief elected city or local official, Governor of the State, or the regional Manpower Administration office.

ACTION

ACTION includes several volunteer programs including SCORE (Service Corps of Retired Executives), RSVP (Retired Senior Volunteer Program), VISTA (Volunteers in Service to America), and others. A variety of technical assistance and counseling services is available to local businesses and organizations. Contact regional offices of the appropriate organization or Office of Domestic Operations, ACTION, 806 Connecticut Avenue, N.W., Washington, D.C. 20525.

Community Services Administration

CSA has provided assistance to craft projects that are part of economic development efforts of an area. Assistance varies, depending on the existence of Community Action agencies. For information, contact regional offices of CSA or Community Services Administration, Office of Special Programs, 1200 19th Street, N.W., Washington, D.C. 20506.

State and Local Agencies

Many of the Federal agencies mentioned above have counterpart State or regional offices as has been noted. In addition, consider:

- State departments of commerce, industrial development, or economic development
- State arts councils or commissions
- State agencies on aging

- Land-grant universities
 - Cooperative Extension offices
 - Local senior centers
 - Local community action or development agencies
 - State cooperative councils
- Other agencies and organizations include:

American Craft Council
29 W. 53d Street
New York, N.Y. 10019

National Council on Aging
1828 L Street, N.W.
Washington, D.C. 20036

National Association of Handcraftsmen
Litchfield, Conn. 06759



Appendix A—Sample Craft Survey

The questionnaire below is an example of the type of questionnaire that might be used to gather basic information to help assess the need for a craft cooperative. It should be changed to fit the particular needs of your group.

The letter of explanation preceding the questionnaire is very important. In it you should explain to potential members the purpose of the questionnaire and how the information will be used.

The questionnaire is designed to be filled out by the potential member and returned to the survey committee. If the information is gathered through an interview, the questions may be more detailed.

Dear Craft Producer:

Several craft producers in _____ County(ies) are considering the possibility of organizing a craft cooperative to market craft products and/or purchase supplies in bulk. It is our hope that by working together we can receive a better price for our product or save money on our supplies. There may also be other activities we can do together.

Before we start, it is important to decide if enough interest exists in the area for the cooperative to be successful. We are asking craft producers like you to tell us if they are interested in the idea of a craft cooperative and if so, how

much business they might do with the cooperative.

Please fill out the form and return it to the address on the bottom. Filling out a questionnaire does not mean that you must join the co-op or that the co-op will be organized. It is only to help us decide if enough people are interested.

We appreciate your taking time to fill out the questionnaire and returning it to us.

Sincerely,

John Doe

Date _____

Name _____

Address _____

Telephone _____

1. What craft items do you produce?

2. What materials do you work with?

Wood	_____	Fabric	_____
Clay	_____	Fibers	_____
Leather	_____	Gold or silver	_____
Natural items	_____	Other metals	_____
Others	_____		

3. About how much time do you spend per week making your craft items?
_____ hours/week.

4. Did you sell any craft work during the past year? Yes _____, No _____. About how many dollars' worth did you sell? Retail \$ _____, Wholesale \$ _____.

5. Would you be interested in selling all or part of your craft products through a cooperative? Yes _____, No _____. About what part? All _____, half _____, or a small part _____.

6. What was the price range of the three most

important items you produced?

<i>Item</i>	<i>Price Range</i>
_____	\$ _____ to \$ _____
_____	\$ _____ to \$ _____
_____	\$ _____ to \$ _____

7. About how much did you spend on material last year? \$ _____

8. Would you be interested in purchasing part of your supplies through a cooperative? Yes _____, No _____. What supplies would you be interested in purchasing?
_____, _____

9. How did you learn to produce your craft?

Taught myself _____

Taught by member of family _____

Workshop or training session _____

High school or vo/tech school _____

College or university _____

10. Would you like additional training? Yes _____, No _____. What type of training? New techniques/design _____, marketing/business _____, production _____, other _____.

11. Could you teach someone else your craft?
Yes _____, No _____.
12. If a cooperative is formed, could you assist
with any of the work that would be
required, such as:

	Yes	No
Helping to organize	_____	_____
Contacting possible members	_____	_____
Typing or other secretarial	_____	_____
Bookkeeping	_____	_____
Teaching other craftspeople	_____	_____

Other _____

Thank you for completing the question-
naire. Below is a space for you to make any sug-
gestions or comments you might have. When
you are finished, please mail this form to the
address at the bottom of the page.

Sincerely,

John Doe
Survey Committee

Comments: _____

Address: John Doe
Craft Cooperative Survey Committee
That Town
This State 00000

Appendix B—Sample Projected Annual Expenditures

Presented here is an example of the cash flow of a hypothetical craft marketing cooperative. The figures used in the example are for demonstration purposes only.

Your cooperative may have sources of income and expenses different from those presented here. Set up your projections to meet your specific needs.

For example, the following assumptions were made:

—Membership was 250 with a \$20 mem-

bership fee.

— A building loan for \$20,000 at 8 percent interest, repayable over 20 years, was secured from a local bank.

—An operating loan of \$10,000 at 10 percent interest was secured from a local bank. Interest was payable monthly. The loan will be renegotiated at the end of the year.

—Crafts sold at wholesale will be marked up 15 percent and retail 125 percent above the price paid to craft producers.

Sample Projected First Year's Cash Flow

Item	Month												Accu- mulated Total
	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.	
Cash received:	Dollars												
Membership fees	5,000	---	---	---	---	---	---	---	---	---	---	---	5,000
Financing at local bank	30,000	---	---	---	---	---	---	---	---	---	---	---	30,000
Sales:													
Retail	1,000	1,000	2,000	2,500	2,500	3,000	4,500	4,500	2,500	4,000	6,000	6,500	40,000
Wholesale	1,000	2,000	3,000	2,500	3,500	2,500	2,500	3,000	4,500	4,500	3,500	2,500	35,000
Total sales	2,000	3,000	5,000	5,000	6,000	5,500	7,000	7,500	7,000	8,500	9,500	9,000	75,000
Total cash received	37,000	3,000	5,000	5,000	6,000	5,500	7,000	7,500	7,000	8,500	9,500	9,000	110,000
Capital outlay:													
Building	25,000	---	---	---	---	---	---	---	---	---	---	---	25,000
Purchases of crafts	6,300	2,150	3,450	3,250	4,100	3,475	4,150	4,575	4,950	5,625	5,675	5,050	52,750
Cash disbursed for operations:													
Salaries & wages - Manager	800	800	800	1,000	800	800	1,000	800	1,000	800	800	1,000	10,400
Part-time	---	---	---	---	---	480	600	480	120	120	120	480	2,400
Fringe	120	120	120	150	120	192	240	192	168	138	138	220	1,918
Property tax	---	---	---	---	---	---	---	---	200	---	---	---	200
Insurance	88	---	---	38	---	---	88	---	---	38	---	---	252
Advertising & promotion	50	50	50	50	100	140	140	60	60	100	100	100	1,000
Postage & mailing	20	20	20	20	20	20	20	20	20	20	20	20	240
Telephone	40	40	40	40	40	40	40	40	40	40	40	40	480
Heat, water, electricity	100	100	75	75	75	50	50	50	75	75	75	100	900
Office supplies	35	35	35	35	35	35	35	35	35	35	35	35	420
Dues & subscriptions	40	---	---	20	---	---	20	---	---	20	---	---	100
Organization expenses	100	---	---	---	---	---	---	---	---	---	---	---	100
Legal	50	---	---	50	---	---	50	---	---	50	---	---	200
Accounting & audit	100	40	40	40	40	40	40	40	40	40	40	40	540
Licenses	150	---	---	---	---	---	---	---	---	---	---	---	150
Interest - Building loan	133	133	133	133	133	133	133	133	133	133	133	133	1,596
- Operating loan	83	83	83	83	83	83	83	83	83	83	83	83	996
Travel	50	50	300	100	100	100	100	100	50	50	50	50	1,100
Rent	50	50	50	50	50	50	50	50	50	50	50	50	600
Repairs	20	20	20	20	20	20	20	20	20	20	20	20	240
Miscellaneous	20	20	20	20	20	20	20	20	20	20	20	20	240
Total cash operating expenses . . .	2,049	1,561	1,786	1,924	1,636	2,203	2,729	2,123	2,114	1,832	1,724	2,391	24,072
Non-operating expense:													
Principle on building loan	34	34	34	34	34	34	34	34	34	34	34	34	408
Total outflow ¹	33,383	3,745	5,270	5,208	5,770	5,712	6,913	6,732	7,098	7,491	7,433	7,475	102,230
Cash inflow (outflow) for month . . .	3,617	(745)	(270)	(208)	230	(212)	87	768	(98)	1,009	2,067	1,525	
Accumulated cash flow	3,617	2,872	2,602	2,394	2,624	2,412	2,499	3,267	3,169	4,178	6,245	7,770	

¹ Total outflow does not include a depreciation allowance (\$62 per month or \$744 annually).

Appendix C—Sample Bylaws

This sample set of bylaws is presented to show the type of information that should be included. The bylaws should be changed to reflect the desired working arrangements of your cooperative. However, they must be consistent

with the articles of incorporation.

Other information about bylaws can be found in FCS Information 100, *Legal Phases of Farmer Cooperatives, Part I—Sample Legal Documents*, Farmer Cooperative Service.

Bylaws

Of

_____ Cooperative

_____ and surrounding counties

Article I. Purpose

The purpose for which this corporation is formed and the powers it may exercise are set forth in the articles of incorporation of the corporation.

Additional purpose as set forth in the bylaws: The _____ is incorporated as a nonprofit, nonstock corporation¹ in the State of _____, but this said cor-

poration wishes to conduct itself as a non-agricultural cooperative. Therefore, the following bylaws will establish the operational method whereby this additional purpose will be accomplished.

¹If the association is formed with capital stock, see FCS Information 100, *Sample Legal Documents*, for more details.

Article II. Membership

Section I. Qualifications

A voting member is any person interested in furthering the human and economic development of _____ and surrounding counties, is an active resident producer of crafts, and has paid the co-op membership fee for the year in which the vote takes place. Each voting member shall have one vote at the annual or called meetings.

A supporting member is any person interested in furthering the human and economic development of _____ and surrounding _____ and has paid the annual membership fee to be a nonvoting member. A supporting member does not need to be a resident of _____ or a craft producer and does not have the voting rights of a resident craft producer.

No person may be excluded from membership or participation in the co-op on grounds

of race, color, sex, or national origin.

Section II. Fee

The amount of the membership fees shall be set by a majority vote of the board of directors and set forth in the minutes as to the amount.

Section III. Suspension or Termination

If following a hearing, the board of directors, with a majority vote, finds that a member has ceased to be an eligible member, that is, for a period of two (2) years, not marketed through or otherwise patronized the co-op, or has moved out of the area in which the co-op is operating, or has otherwise proved to be undesirable for the general welfare of all the co-op members, the board of directors may suspend the rights and interest of such a member in the co-op.

Article III. Meetings of Members

Section I. Annual Meeting

The annual meeting of the members of this association shall be held in the town of _____, State of _____

_____ at _____ o'clock ____ m. on the _____ day of _____ of each year, or on any date which the board shall designate at least thirty (30) days in advance of the date specified above.

Section II. Special Meetings

Special meetings of the members of the association may be called at any time by order of the board and shall be called on written request of at least _____ percent (____ %) of the members.

Section III. Notice of Meetings

Written or printed notice of every regular and special meeting of members shall be prepared and mailed to the last known post office address of each member not less than _____ days before such meeting. Such notice shall state the object or objects thereof and the time and place of meeting. No business shall be transacted at special meetings other than that referred to in the call.

Section IV. Voting

Each member shall be entitled to one vote. A member must be present to vote. The election of the board of directors at the annual meeting will take place by secret ballot. Other votes taken shall be by secret ballot if so prescribed by the membership. The annual or called membership meetings shall have final authority in all matters of business or policy. The record of motions or resolutions of the board of directors will be available for all members on request, at any time, with the voting tally attached.

Section V. Quorum

A quorum at annual and special membership meetings shall consist of _____ percent (____ %) of the total number of voting members.

Section VI. Order of Business

The order of business at the annual meeting shall be:

1. Roll call, followed by proof of due notice of meeting.
2. Amendment of the articles of incorporation and amending and/or adopting the bylaws (if required).
3. Reading and disposal of minutes.
4. Annual reports of the board and committees.
5. Unfinished business.
6. Community reports.
7. New business.
8. Election of directors to fill expiring terms.
9. Adjournment.

Article IV. Directors and Officers

Section I. Number and Qualifications of Directors

The board of directors will be composed of nine (9) voting members of the co-op.

Each director shall be a voting member in good standing of the cooperative. No person shall be eligible for membership on the board of directors if that person is in competition with, or affiliated with any enterprise that is in competition with, the _____ and/or if the majority of the board of directors of this corporation finds at any time that any board member is so engaged or affiliated.

Section II. Election of Directors

Terms of office held by the board of directors will be staggered in three (3) terms as follows: Three (3) members being elected at the first annual meeting for one (1) year; three (3) members being elected at the first annual meeting for two (2) years; and three (3) members being elected at the first annual meeting for three (3) years. At future consecutive annual meetings, one-third (1/3) of the board will be elected each year for terms of three (3) years each. No two (2) board members may be elected from the same community nor shall more than

two-thirds (2/3) of the board be from any one (1) county.² No board member may immediately succeed himself after serving two (2) terms of three (3) years on the board.

Section III. Board Meetings

The board of directors will meet at least _____ with additional special meetings as petitioned for by three (3) co-op members or as the chairman and/or the manager may call. Absence at three (3) consecutive meetings by any board member, after due notification after the second absence, without appropriate reason, by a majority vote of the board of directors is cause for automatic dismissal from the board of directors.

Section IV. Quorum of Board

A simple majority (5) of the total members of the board shall constitute a quorum for the transaction of business at any meeting of the total board. At Executive Committee meetings, a simple majority (3) of the officers shall constitute a quorum for the transaction.

²If the cooperative is not set up with distinct districts, this provision may be omitted or appropriately altered.

Section V. Removal of Board Members

The board of directors, at its discretion and for good reason by a two-thirds (2/3) vote of its entire membership and after appropriate hearing may remove any officer and elect another from the membership of the board. A new board member will then be elected by two-thirds (2/3) vote of the existing board from the general membership.

Section VI. Vacancies

Whenever a vacancy occurs on the board of directors, other than from the expiration of a term of office and/or vacancies occurring through an action of the board (article IV, section V), the remaining directors shall appoint a member to fill the vacancy until the next annual meeting of the members.

Section VII. Election of Officers

Within seven (7) days after their election,

the board of directors will hold a meeting and elect (by means of secret ballot) from among their members a chairman, vice-chairman, secretary, and treasurer, who shall be the officers of the co-op and its board. These officers will serve for one (1) year or until the next annual meeting when a new election will be held (after the new directors are elected by the co-op members). The officers shall comprise the executive committee of the board.

Section VIII. Compensation

No member of the board of directors shall be in a salaried position in the cooperative; but board members may be reimbursed for direct expenses incurred as a board member, such as travel, meals, and lodging away from home. Board members may also be paid for craft training duties if they are so qualified. No relation to a board member or a paid employee of the cooperative shall be hired as manager.

Article V. Responsibilities of the Board of Directors

Section I. General Powers

The board shall direct the business and affairs of the association and shall exercise all of the powers of the association except such as

are by law, the articles of incorporation, or these bylaws conferred on or reserved to the members. The board shall adopt such policies, rules, and regulations not inconsistent with law, the articles of incorporation, or these bylaws, as it may deem advisable.

Section II. Employment of Manager

The board shall have power to employ a manager, define his duties, and fix his compensation.

Section III. Accounting System and Audit

The board shall establish and maintain an adequate system of accounts and records. At least once in each year, the board shall obtain the services of a competent and disinterested public auditor or accountant, who shall audit the books and accounts of the association and render a report in writing thereon, which report shall be submitted to the members of the association at their annual meeting. This report shall include at least a balance sheet and an operating statement for the fiscal period under review.

Section IV. Bonds and Insurance

The board shall require the manager and all other officers, agents, and employees charged by the association with responsibility for the custody of any of its funds or property to give adequate bonds. Such bonds, unless cash security is given, shall be furnished by a responsible bonding company and approved by the board and the cost thereof shall be paid by the associ-

ation. The board shall provide for the adequate insurance of the property of the association, or property that may be in the possession of the association, or stored by it, and not otherwise adequately insured, and in addition adequate insurance covering liability for accidents to all employees and the public.

Section V. Other Responsibilities

Other general responsibilities and conduct of the board are:

1. To be alert to every opportunity for improving knowledge and understanding of cooperative business procedure and informing members of cooperative activities and practices.

2. To abide by and support all decisions reached by a majority of the board.

3. Not to delegate any of the responsibilities that clearly belong to the board.

4. To remember that boards of directors make policy decisions and should not assume responsibilities that are clearly the responsibility of the hired manager.

5. Not to act independently on matters that should be decided by the entire board.

Article VI. Responsibilities of Officers

Section I. Chairman

The chairman shall preside over all meetings of the co-op and of the board of directors, call special meetings of the board of directors, perform all acts and duties usually performed by the executive or presiding officer, and sign all membership cards and such other papers of the co-op as he or she may be authorized or directed to sign by the board of directors. The chairman shall also appoint all committees except the Standards/Pricing and Nominating Committees; these committees shall be elected by the board. The chairman shall perform other duties as prescribed by the board.

Section II. Vice-Chairman

The vice-chairman shall perform the duties of the chairman in the absence or disability of the chairman. The vice-chairman will also act as chairman of the Standards/Pricing Committee.

Section III. Secretary

The secretary shall keep a complete record of all the meetings of the co-op and of the directors and shall have general responsibility and supervision of the books and records of the co-op other than financial. He or she shall sign with

the chairman all such papers pertaining to the co-op as he may be authorized or directed by the board of directors. He shall serve all notices required by law and these bylaws, and shall make a full report of all matters and business pertaining to his office and present this report to the members at the annual meeting. He shall keep a complete membership list. He shall act as secretary to the executive committee. He shall make all reports required by law and shall perform other such duties as may be required of him by the co-op or the board of directors. Upon the election of his successor, the secretary shall turn over all books and other property belonging to the co-op that he may have in his possession.

Section IV. Treasurer

The treasurer shall deposit or supervise deposit of all money belonging to the co-op that comes into the possession of the cooperative to the name of the co-op in a bank selected by the board of directors and shall make or supervise all disbursements from the account, by check, therefrom for ordinary and necessary expenses of the business in the manner and form prescribed by the board of directors. The treasurer shall be required to monitor the bookkeeper's operating records and accounts in such a manner that the true and correct condition of the

business may be ascertained therefrom at any time. He shall render annual, quarterly, and monthly statements in the form and manner prescribed by the board of directors. He shall carefully preserve all books, documents, correspondence, and records of whatever kind pertaining to the business that may come into his possession. Upon election of his successor, he shall deliver all these and all monies belonging to the cooperative to his successor.

Section V. Duties and Powers of the Executive Committee

The executive committee shall be authorized to act in place of the board between board meetings, with its actions subject to review by the board. The executive committee shall meet as frequently as the efficient operation of the co-op requires, or upon call by the chairman and/or manager.

Article VII. The Manager

Section I. Qualifications

The manager shall possess those qualifications of character and experience deemed necessary by the board to carry out the responsibilities of section II of this article. Special consideration will be given to managerial abilities, ability to work with people, and understanding of cooperatives in selection of a manager.

Section II. Responsibilities

The manager shall perform such duties

and shall exercise such authority as the board may give him. Under the general supervision of the board, the manager shall have general charge of the ordinary and usual business operations of the association including the purchasing, marketing, and handling of all products and supplies handled by the association. He shall prepare annual and other statements in the form requested by the board. He shall employ, supervise, and dismiss any and all employees of the association in accordance with general personnel policies.

Article VIII. Co-op Capitalization and Patronage Refund Policy

Funds received by the co-op from markup on prices paid for crafts shall be used to defray operating expenses of the co-op, including carry-

ing sufficient funds over a fiscal year to provide for long-term capitalization needs.

A patronage refund may be paid to mem-

bers based on a percentage of the price paid to them for crafts, if in the opinion of the board of directors sufficient funds remain from the markup monies after the co-op's capitalization needs have been met. Normally, this shall occur once annually. Notwithstanding any other provision of the bylaws, the board, at its discretion, shall have the power to retire any capital credited to patrons' accounts on such terms and conclusions as may be agreed on by the parties in any instance in which the interests of the association and its patrons are deemed to be feasible.

Decision on paying the patronage refund, and the amount, shall be the responsibility of the board of directors.

Article IX. Fiscal Year

The fiscal year of the co-op will be from _____ till the last day of _____ each year.

Article X. Dissolution

The dissolution of the association may be authorized by a two-thirds (2/3) vote of the membership present and voting at any meeting of the co-op, provided notification of the proposed dissolution has been sent by first class mail to every member at his last known address at least _____ days prior to such meeting. On dissolution, after all debts and liabilities of the

association shall have been paid and all capital furnished through patronage shall have been retired without priority on a pro rata basis, the remaining property and assets of the association shall be distributed among members and former members in the proportion that the aggregate patronage of each member bears to the total patronage of all such members, unless otherwise provided by law.

Article XI. Amendments

These bylaws may be amended by a two-thirds (2/3) vote of the membership present and voting at any meeting of the co-op, provided a copy of the proposed change has been sent by first class mail to every member at his last known address at least _____ days prior to such meetings.

The undersigned, being all of the incorporators and members of the _____ association, do hereby assent to the foregoing bylaws and do adopt the same as the bylaws of said association; and in witness whereof, we have hereunto subscribed our name, this _____ day of _____ 19 ____.

_____	_____
_____	_____
_____	_____
_____	_____

Other Publications

The Cooperative Approach to Crafts for Senior Centers. Gerald E. Ely. Program Aid 1156. 1976. 14 pp.

What Are Cooperatives? C. H. Kirkman, Jr. FCS Information 67. Slightly revised 1975. 9 pp.

Is There a Co-op in Your Future? C. H. Kirkman, Jr. FCS Information 81. 1971. 36 pp.

How to Start a Cooperative. Irwin W. Rust. Educational Circular 18. 1965. 18 pp.

Farmer Cooperative Publications. Marjorie B. Christie. FCS Information 4. 1977. 44 pp.

Economic Development Through Cooperatives. Raymond Williams. Program Aid 1088. 1974. 18 pp.

Guides to Co-op Bookkeeping. Francis P. Yager. FCS Information 82. 1972. 15 pp.

Cooperative Development in Rural Areas. FCS Reprint 391. 1974. 14 pp.

For copies, write Economics, Statistics, and Cooperatives Service, Rm. 550, GHI Bldg., U.S. Department of Agriculture, Washington, D.C. 20250.